



FARMERS COOP SOCIETY

farmerscoopsociety.com | Winter 2020/21



PRODUCER SPOTLIGHT

ENSURING THE FARM FOR *Future* GENERATIONS

pg 4

INSIDE this issue

Manure Pit Problems pg 7

Agronomy Equipment News pg 10

Expanded Financing Options pg 13

Leading Producers with Innovation and Excellence

Company Comments



John McDaniel
CEO

I am pleased to report that Farmers Coop Society had a good year in fiscal 2020. Our year-end results delivered sales of \$362 MM, local operating earnings of \$1.2 MM and total net savings of \$10.9 MM. A good fall in 2019, followed by an excellent spring, made a significant difference for our agronomy business in 2020, along with higher grain volumes and steady feed business growth all contributing to the strong financial performance in 2020.

While 2020 had many challenges for us to navigate (COVID-19, livestock supply chain disruptions, extreme commodity market volatility and labor shortages), it is a testament to the quality of our people and the guidance of your board and management team that enabled FCS to weather these significant disruptions and deliver a very solid financial year. We continue to strengthen our balance sheet and improve our working capital (\$23.8MM) and cash flow (EBITDA \$23.0MM), two key measures of operational strength for FCS.

Your board has approved an all-cash patronage payout of \$2.5MM for this year and a pass-through of \$1.4MM (4.2 cents per bushel) in section 199A deductions to the membership. The section 199A deduction is down this year vs. the past two years due

to the strong earnings year FCS had, which drove us to use more credits internally to offset FCS's tax obligations, enhancing our cash flow and keeping those dollars at work for you.

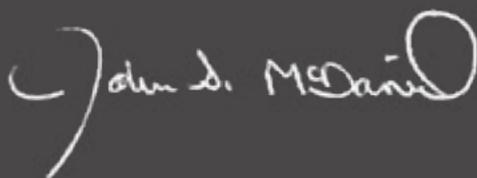
We had the FCS annual meeting virtually via a live video conference on December 3rd and it went very well. We received a number of very positive comments from membership and, while we would have much preferred to hold the meeting in person, it worked quite well. Board election results were as follows: Craig Hoftyzer and Verlyn Raak were re-elected to three year terms and Darrel Nyhof was elected for a three year term to fill the seat being vacated by Roger Bomgaars, as Roger will be leaving the board after 12 years of service (his last year as board president). A big thank you to Roger for his years of service and dedication to FCS. Thank you to Terry Schuiteman for his willingness to run along with Darrel to fill Roger's seat.

I would like to remind all of the members and non-members of the value of the cooperative system and particularly the value of being a member of FCS. Only cooperatives allow customers/members to have ownership in and a say in the governance of the organization in which you do business (the independent seed and chemical dealers, elevators, feed

companies and retailers certainly do not). FCS has paid over \$19 MM in cash back to its members over the last ten years and has passed on to membership over \$25 MM in DPAD (section 199A) deductions over this same time period. This is true value over and above the value we deliver each and every day through our products, services and expertise. I am very proud of this organization and our dedication to delivering real VALUE to our members and customers.

Across all divisions, we are benefiting from our automation/technology investments of the last several years, improving our cost per unit of handling, manufacturing, distributing and applying our products. We will continue our focus on operational efficiency, upgrading our existing infrastructure and driving automation into our day-to-day operations in 2021. One of the things that I am proudest of is this organization's focus and commitment to "doing the right thing" for our customers day in and day out. I would like to thank the outstanding employees, board and management team of Farmers Coop Society for the excellent financial and operational year. Without them, this would not have been possible. I would also like to thank you, the members, for your support of your coop. We will continue to strive to earn your business each and every day!

Be safe!



FCS HIGHLIGHTS

- Company Comments 1
- \$1,000 Scholarships Available 18

AGRONOMY

- 2021 Equipment Market News 10
- Expanded Financing Options 13

GRAIN

- Reflections on 2020 Harvest 14

HTBC

- Hog Confinement Remodel and Repair 16

LIVESTOCK

- Producer Spotlight 4
- Manure Pit Problems 7



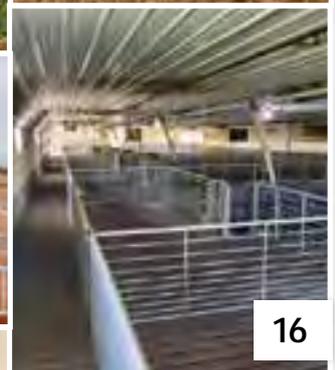
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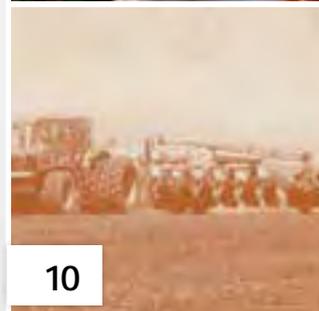
14



13



16



10



18

PRODUCER SPOTLIGHT

ENSURING THE FARM FOR *Future* GENERATIONS



Marlyn Woelber from Boyden, IA

Marlyn Woelber wasn't really sure if he would end up in the agriculture industry. His father farmed but it wasn't a large enough operation to support two families. So, he went to college and then came back to the Boyden area and worked construction. However, opportunities that he never expected from his family and his local community came his way and cemented his career in agriculture.

Those opportunities shaped Marlyn and his outlook on life. Marlyn knows he wouldn't be where he is today without those who were willing to take a chance on him. He's thankful and committed to giving back to his community and committed to keeping his way of life in the hands of someone local.

Today, Marlyn and his wife, Gina, live on an acreage northwest of Boyden. They have two kids, Ellie and Blake. Gina is a teacher at Sheldon Middle School and their kids attend school at Boyden-Hull. Things on the acreage look much different today than they did back in 1995.

In 1995, Marlyn was approached by a local farmer who offered him the chance to buy his acreage and land surrounding it. Marlyn was young and wouldn't have been able to afford the land without an opportunity like this, so he jumped at it. The local farmer



went to the same church as Marlyn and had seen his commitment to agriculture and livestock with his aunt and uncle's farrow to finish swine operation. By this time, Marlyn had been helping his aunt and uncle for close to six years and wasn't afraid of putting in the hard work and long hours. He was committed to making it work then and is still making it work today.

“ EVERY YEAR IS DIFFERENT, AND MOST YEARS ONE OF THE OPERATIONS PULLS THE OTHER ONE THROUGH. ”

Marlyn has close to 1,000 acres of crop production and 750 sows in his farrow to finish swine operation. He says, “Every year is different, and most years one of the operations pulls the other one through.” When you think about operating a full production farm, Marlyn has to be knowledgeable across multiple different segments in agriculture. That's where Farmers Coop Society has really helped him over the years. Marlyn has really developed close friendships with the Boyden

location's staff. He knows he can depend on Bruce Heynen (FCS Swine Specialist) to help with anything livestock related, that Jesse Evans (FCS Agronomist) will help him find the right products for his crop operation, and his sister, Jodi Prostrollo (FCS Administrative Assistant) will be able to help with any questions on anything in-between.

Being diversified is an essential portion of Marlyn's business, but when you talk to him, you find out quickly what he's passionate about: farrowing. His hog operation consists of 750 farrowing sows and he finishes around 14,000 hogs each year. His operation farrows about once a month, and that's when he needs all

hands on deck. Marlyn says that finding help is proving more and more difficult. Livestock and crop production are not traditional office hours. There's always something to do, and it might need to be done in the evening or on the weekend. He currently has one full-time employee, Sarah, but says that he could always use more help. He knows that it takes the right person and hopes to one day be able to help someone the way other's have helped him.

Succession planning is a vital step of keeping our farms local. It also preserves the agriculture legacy. By planning ahead, you can help invest in the next generation, keep our local communities thriving, and protect your heritage.

Marlyn would like to thank some very important people for everything they've done for him and his family over the years: Lawrence & Kathi Sohl (Uncle & Aunt) and LeRoy & Arlene Woelber (Parents)



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PURINA

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Manure Pit PROBLEMS



Jeff Koops
NUTRIENT MANAGEMENT SPECIALIST
& TECHNICAL SERVICE PROVIDER

Spring is a great time to start adding pit additives to your deep pit or outdoor lagoon. Manure is starting to accumulate in your pit and as the temperatures increase flies can become more of a problem in your barn. A good pit additive will dissolve your crust, which is where flies lay eggs. Eliminating this crust can greatly reduce fly populations. A good additive will also help keep solids in suspension and help reduce the amount of solids left in the pit when pumping. Pit additives can reduce or eliminate the need

for agitation during pumping, and can result in increased volume in your pit due to reduced solids build up.

Here at FCS, we sell multiple products to help you with any issues or concerns you have with your pit. These products help remove solids and crust from pits, help improve air quality in your barn, help stabilize Nitrogen once it has been applied to the field and help with any foaming issues you have in your pit.



Pit Digester and Sulfi-Doxx are products that are added every four to six weeks to the pit throughout the year. These two products do a great job of reducing crusting, reducing any built-up solids and keeping solids in suspension. They also aid in reducing odor and reduce hydrogen sulfide emissions.



Pit Pro (formerly More Than Manure) is another product that can help reduce odors as well as reduce crusting and helps to keep solids in suspension. Pit Pro is a product that is added to the pit twice during the year. Product is typically added when pit is about 25% full (March), and then again in early September – at least 30 days prior to pump out.



Worried about losing N due to application when soil temperatures are too high, or due to leaching? Consider stabilizing your manure with Instinct. Instinct is added to the pit up to seven days prior to application. Instinct has been used for over 40 years to stabilize N. Instinct doesn't kill any beneficial bacteria, and helps the farmer get the most out of their nitrogen investment.

Foam-R_x

Biological Foam Suppressant

In the fall, if you notice foam starting to build up in your pit, keep in mind we sell Foam-Rx. Foam-Rx does a great job of reducing foam temporarily until the pit can be pumped. Foam-Rx does not kill any bacteria in your pit, and also allows the pumper to fill their tanks to capacity, reducing the number of trips to the field.

If you have any questions about pit additives I'd be happy to visit with you and help you make the right choices for your needs.



Take advantage of the How-To Building Center's **MONTHLY OR QUARTERLY DELIVERY SERVICE** on Pit Digester and Sulfi-Doxx. Call the store at 712-722-2667 to set up your delivery. This is a great way to get your product delivered right to your door and is a good reminder of when it is time to add to your pit.

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2021

EQUIPMENT MARKET *news*



Scott DeJong
PRECISION AG SPECIALIST, CCA

This Fall has been an exciting time in the equipment market. The companies that we work with continue to show and bring innovative products to the market. Ag Leader, Precision Planting, and 360 Yield Center have some new releases for Spring of 2021.

Ag Leader[®]

Introduced November 2020, Ag Leader is bringing two new auto-steer systems to the market. SteerCommand Z2 and SteadySteer™. These two systems have been built from the ground up and utilize the InCommand display line from Ag Leader.

STEERCOMMAND Z2

The SteerCommand Z2 is a fully integrated hydraulic autosteer system that brings high performance and high accuracy options for growers when using the existing GPS 6500 or GPS 7500.



STEADYSTEER™

The SteadySteer™ is a motorized assisted steering system that combines ease



of mobility and high performance in the field. It allows an economical entry into the guidance that you can build into the growth of an operation across many different vehicle platforms.

SURESPEED

Fully released for Spring 2021 is another high-speed seed delivery option for planters, Ag Leader SureSpeed. SureSpeed is a belt type seed tube delivery system that shows high performance (up to 12 mph) without giving up accuracy. Combining Ag Leader's hydraulic downforce system (SureForce) with SureSpeed brings efficiency, accuracy, performance, and low maintenance all into one package.

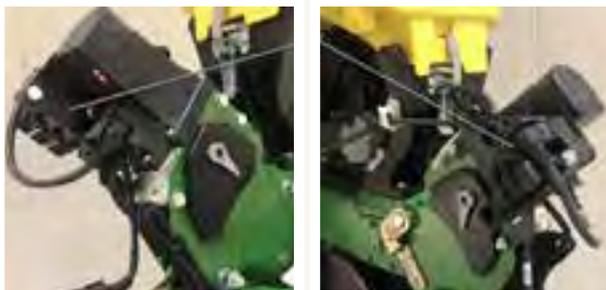


∇ Precision Planting®

FURROW FORCE

FurrowForce was a limited release Spring of 2020 but is a full release for 2021. Bringing attention to properly closing the furrow with the 2-stage closing system. First squeezing the side wall of the seed furrow, then gently packing the furrow to gain seed to soil contact for germination.

FurrowForce allows either manual or automatic pressure adjustment of the closing wheels. The list of compatible planters has grown in 2021 to include Case IH 12xx and 2150 series, Harvest International, John Deere 17xx series, Kinze 3000, and White 9000.



SMARTDEPTH – *Limited released for Spring of 2021.*

SmartDepth is an automated depth control system for the row unit. It accurately sets the depth of every row on the planter to the same level. We encourage you to check your planter row units to see how consistent your disk opener depth is. SmartDepth works with the SmartFirmer's soil furrow moisture measurement help make sure the seed is planted in soil moisture without sacrificing seed emergence because it was set too deep.



360 WAVE

The 360WAVE is a product that helps on two fronts. First, it creates a wave of moist soil that rolls over the seed to simplify the job of the closing wheels and second, it positions starter fertilizer 3/4" to the right of the seed trench and below the seed.



The 360 WAVE mounts to the rear of the planter row-unit shank. This simplifies installation and ensures alignment with the double-disk openers. The 360 WAVE blade swivels to follow the seed trench on curves but includes a stop to limit travel so the blade never places starter in the seed trench. The blade is spring loaded so that it can react to rocks and obstructions without becoming bent or misaligned. Spring-loaded to move up and over obstacles to prevent damage, lower down force demands and maintain depth.

360 DASH

360 DASH applies liquid fertilizer in a concentrated dash over the seed. Eliminating the less efficient starter between seeds - gaining the full benefit of the starter but with a fraction of the cost. The 360 DASH valve can be used with a variety of starter application tools including the 360 WAVE and most Keeton Seed Firmers. Set up and control settings are simplified via the 360 DASH App on your iPad. You set the length of the "dash" and its position - on, between or next to the seed. Currently it works best with Precision Planting 2020 and John Deere ExactEmerge systems.



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EXPANDED FINANCING OPTIONS WITH **ADVANCE** | **LENDING** FARMERS COOP SOCIETY



Kris Norgaard
AGRONOMY DEPARTMENT MANAGER
CCA, 4RNMS, SSP

FCS has recently expanded our input finance options by launching our new Advance Lending program. This was done to provide options and help for our customers along with making FCS easier to do business with moving forward.

OVERVIEW

Advance Lending is a partnership of FCS and Coop Credit Company and is designed to be convenient, quick, flexible, and competitive. Our goal is to give our customers options to ensure that you can maximize yields, ROI, ensure access to capital, and maximize cash flow.

HOW IT'S STRUCTURED

Advanced Lending is set up in a simple three-tier structure as a starting point, categorized as the Complete Acre, Partial Acre, and Basic Acre that

is due after harvest of 2021. This structure allows for complete flexibility for you as the customer; but also, it can provide very aggressive and competitive interest rates depending on the type of business you do with FCS. There is even an interest buy-down tied to grain sales to us as well that can lower your rate further!

OTHER FINANCE OPTIONS

FCS does have many other finance options as well, including John Deere Finance, Rabo, and many input supplier company options that, in addition to Advance Lending, can be used for part of or all of your input, service, and Site Specific Ag equipment needs.

WHO TO CONTACT

For more details, contact your local FCS agronomist or grain marketing specialist.

REFLECTIONS ON 2020 HARVEST



Matt McCord
DIRECTOR OF GRAIN MERCHANDISING
AND RISK MANAGEMENT

We hope you all had a safe and prosperous grain harvest. Without our customers' continued patronage, this harvest could have been a difficult one for your coop. Like most grain crops, no two years are alike, and each poses unique challenges, whether it be markets, grain quality, weather, etc. We can all agree that the 2020 crop was much different than the 2019 crop—in mostly good ways.

The growing season started out with a great start....great soil conditions, dry weather, and quick plantings. This enabled the crop to get well-established before the dry pattern evolved. The summer growing season proved challenging as the area could not get the bin-busting rain it

so needed to produce a bumper crop. With one or two more timely rains, this area would have had record potential in both corn and bean crops. Instead, a few rains were missed to produce a very good corn crop, but not great, and a bean crop that was in fact great. It is hard to believe that bean yields were as good as they were with a very dry August and September. It's a testament to you and what you do best—raising excellent crops. Grain quality was certainly above average with 60-pound test weight corn and low foreign material. Soybean quality has most certainly been better with the lower moisture of the bean, which contributes to higher oil and protein content. The crusher is also benefiting from the drier bean and is able to run their plants faster and more efficiently,

Corn RECEIPTS
WERE UP OVER 17%

Bean RECEIPTS
WERE UP OVER 31%

thereby crushing record amounts of beans. This trend looks to continue with strong crush margins and big soy oil and soymeal demand.

Without your support, grain receipts would have stagnated or dropped from last year. The local demand for corn (feed, ethanol, export) continues to stay strong. Soybean outlets are also competitive, with some of the strongest processor demand in the entire corn belt, combined with an export program that is one of the largest in the last 10 years.

Our staff's dedication to running their facilities efficiently and with customer service in mind, combined with your support of Farmers Coop Society, made for a successful harvest. Corn receipts were up over 17% from a year ago while

bean receipts were up over 31%. Grain marketings are also up substantially over a year ago as the market rallied swiftly through harvest. All grain in storage/warehouse or delayed price is down over 50% compared to a year ago, while total deferred payment is double that of last year. While you had very little pre-sold, the market rally came just when needed to create cash flow and excess cash flow reflecting the large amount of deferred payments.

We thank you for your business this past year and strive to earn your continued business. Without your continued patronage, this great coop wouldn't be what it is today. From all of us at FCS, thank you for your business, and we hope you have a safe and prosperous new year.



HOG CONFINEMENT REMODEL AND REPAIR

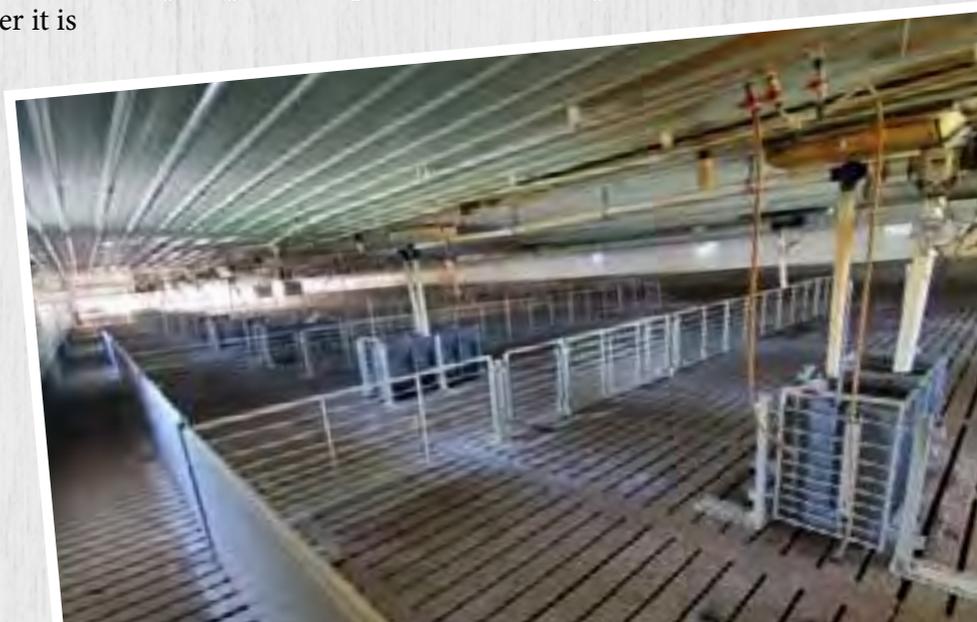


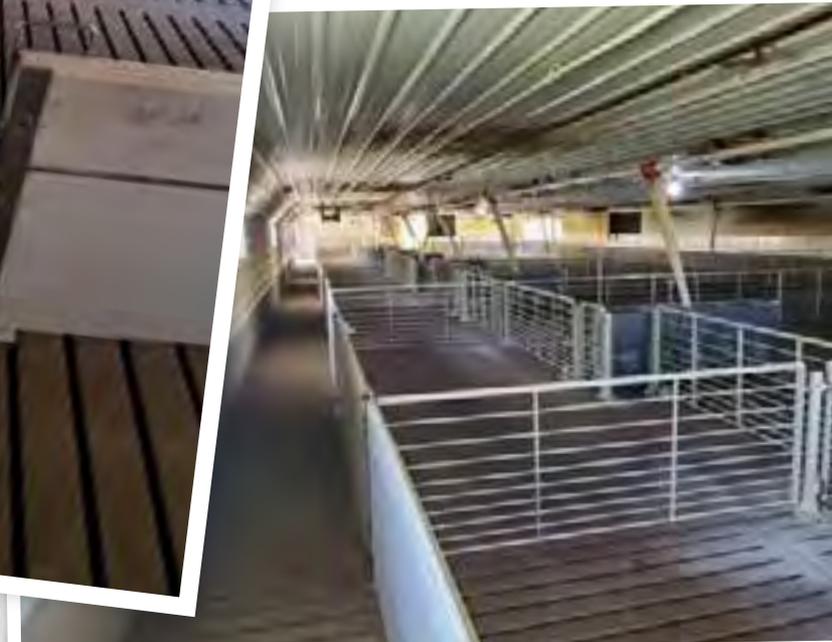
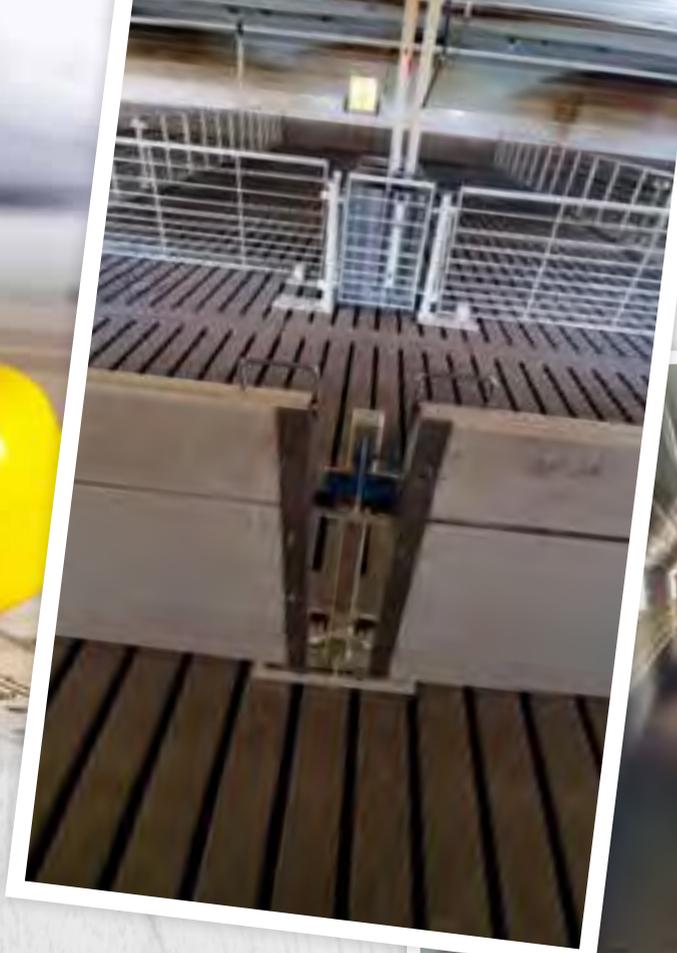
Eric Cleveringa
SERVICE MANAGER

Are you tired of fixing gates between every turn or just want loading and unloading to be easier? Maybe you're frustrated with the feeders you currently have and are looking for better production performance, or want to reduce feed outages. Are you wanting to convert to wean to finish or from a dry feeder to wet/dry feeder. Whatever it is that has you thinking about making a change in your barns, the How-To Building Center would love to help you explore different ideas and options to fit your operation best.

Gating is a crucial part of your hog barn and can really have an effect on your operation. Pre-

sort areas can have a big impact on how and when you sort market hogs. We find that most producers are wanting to have the ability to remove hogs from feed before being taken to market and one of the most effective ways to accomplish this is with the gating and the pre-sort area. This gives





the producer the ability to have sorted hogs on feed with the simplicity of moving one gate to take them off feed. This gives producers more flexibility as to when they do their pre-sorting and just having to move a gate a few hours before loading.

Feeders are another crucial part in the performance of the hogs and quite often

go along with gating. Many producers are finding the best performance on wet/dry feeders with a central adjustable shelf. Not only are gains better on the hogs themselves, but feed capacity and decreased water waste are also big benefits to the operation. Decreased water waste can lead to less time and pumping costs, as well as better manure market value.

If you are considering upgrading or making a few changes in your hog confinements, please give us a call - we're ready to assist you with your next project. Whether it's helping you gain access to some of the best gates and feeders in the industry or assisting with a complete project from start to finish we can do it all. Give me a call today at 712-360-2653 and we'll work hard to get some of these changes implemented for you!



\$1,000

SCHOLARSHIPS

AVAILABLE

Farmers Coop Society wants to ensure a strong future for the agriculture industry and supports future generations with our Scholarship Program. FCS is offering \$1,000 scholarships to eight graduating high school seniors who will enroll in college or technical school this fall, possess a GPA of 3.0 or better, will be pursuing a designated major or interest in an ag-related field, or come from an ag or rural background.

Recipients are selected based on academic achievement, leadership characteristics, and ag-related community involvement. The application can be downloaded from the FCS website at www.farmerscoopsociety.com/company/scholarship-application and must be returned, along with three individual reference letters and the student's high school transcript, postmarked by **March 15, 2021**.





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HAPPY
NEW YEAR
2021

FROM
FARMERS COOP SOCIETY

